

# FACT SHEET



CITY OF  
**HAYWARD**  
HEART OF THE BAY

## UUT RENEWAL

- Renews 5.5% utility user tax
- Requires voter approval (50%+1)
- Protects critical services
- All revenue locally controlled
- Sunsets at 20 years



**H**ayward's current utility users tax (UUT) was established by local voters in 2009 as a means of protecting critical city services in the wake of devastating budget cuts on the heels of the Great Recession.

The UUT is a 5.5% tax on natural gas, electricity, telecommunications (including traditional telephone service, long distance service and cellular phone service), and video/cable television utility charges.

The UUT currently generates about \$16 million per year for the City of Hayward. About 75% of the revenue (roughly \$12 million) is directly allocated to public safety operations (police & fire). The remaining \$4 million generated by the UUT funds other City programs such as streets and roads maintenance, library services and economic development programs.

If renewed, the UUT would remain unchanged at the current 5.5% level, resulting in no additional financial impact to residents and businesses in Hayward.

## POTENTIAL BALLOT QUESTION

To maintain City of Hayward services including:

- maintaining firefighters, paramedics, fire stations, and neighborhood police patrols;
- protecting emergency response times;
- preserving youth and anti-gang programs, and
- emergency and disaster preparedness;

shall the City of Hayward renew the existing Utility Users Tax ordinance at 5.5% on gas, electricity, video and telecommunications services, providing \$15 million annually, for 20 years, with exemptions available for low-income lifeline users; and all money dedicated to preserving Hayward city services?

# FREQUENTLY ASKED QUESTIONS

## WHAT IS A "UUT" AND WHO PAYS IT?

The Utility Users Tax is paid by residents and businesses that are utility users. Utilities are defined as natural gas, electricity, telecommunications (including traditional telephone service, long distance service & cellular phone service), and video/cable television utility charges. The current UUT rate is 5.5%.

## WHY DO WE NEED TO RENEW THE UUT?

Hayward voters passed the UUT in 2009, in the wake of the Great Recession, to preserve public services, with particular emphasis on protecting vital police and fire services. Without the UUT, then or now, the City would have no choice but to enact severe service cuts in order to maintain fiscal stability.

Although the economy is improving, revenues are lagging behind the demand for (and cost of) services. In recent years, the City significantly reduced its budget and the number of positions while maintaining high levels of service. At the same time, employees of all bargaining groups have shouldered more of the cost of their benefits as the City has adjusted its compensation structure.

Today, the UUT is the City's third-largest revenue source, generating approximately \$16 million per year for the City's general fund. About 75% (roughly \$12 million per year) is directly allocated to police and fire services. The remaining \$4 million supports other important city services, such as streets and roads maintenance, neighborhood cleanliness, library services, and economic development activities.

## HAS THE CITY BEEN MANAGING ITS FINANCES RESPONSIBLY?

The City has made significant changes to its personnel structure, compensation guidelines and operating strategies in an effort to keep the City financially stable. City employees, executives, and elected officials have all made substantial sacrifices to aid in this effort by contributing more towards the costs of benefits, all while maintaining a high level of service to the community. At the same time, the City has aggressively sought new businesses and development activity to grow our tax base.

Ratings agencies such as Fitch and Standard & Poors have provided the City with "AA+ Stable Outlook" ratings

on its debt issuances, reaffirming the sound fiscal management by the Mayor, City Council, and City Staff.

## HOW MUCH WILL THE UUT COST ME?

Renewing the UUT will not create any additional impact to Hayward residents or businesses beyond current levels. The percentage will remain fixed at 5.5%, producing no additional cost to users.

## IF THE UUT DOESN'T EXPIRE UNTIL 2019, WHY RENEW IT NOW?

The UUT is a primary source of revenue for the City. In order to plan service delivery for the future, the City must know well in advance whether it can count on its third-largest revenue stream. Waiting until 2018 to renew the tax makes accurate budgeting nearly impossible and could have disastrous consequences if the tax is not renewed. Even if approved now, the renewed tax would not begin until the original UUT expires.

## HOW LONG WILL THE RENEWED UUT LAST?

The proposed renewal will extend the UUT for an additional 20 years.

## HOW MUCH REVENUE WILL THE MEASURE GENERATE FOR THE CITY?

Because the UUT is tied to the consumption of energy, telecommunications, and cable television, revenues may fluctuate based upon the number of users and the amount of services consumed. It is estimated that the UUT will continue to generate approximately \$16 million annually.

## WHAT'S IN IT FOR ME?

The portion of the UUT allocated to public safety services is roughly what it costs to employ either 53 police officers or approximately 53 fire fighters. The UUT is a key source of locally-controlled revenue that enables the City to continue to provide high-quality services despite increasing demand and possible state takeaways. The UUT also funds important services like street maintenance, community cleanliness, and library service hours.

## NEED MORE INFORMATION?

EMAIL QUESTIONS TO:

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